Daily Report

Latin America

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Cuba

Ministry: Clinton's 26 Jun Address Provided Nothing New

PA3006011195 Havana Radio Havana Cuba in Spanish 0000 GMT 30 Jun 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The Cuban Foreign Ministry has reiterated that the radio address pertaining to Cuba by U.S. President William Clinton the night of 26 June once again restates the United State's ever growing isolation from the contemporary world.

During the weekly meeting between the Cuban Foreign Ministry and representatives from the national and international media, alternate spokesman Luis Delfin Perez said Clinton's address did not provide anything new regarding the United State's policy toward Cuba and only focused on continuing with the so-called Torricelli bill, as well as an assessment of migration policies.

In that regard, the continuation of the U.S. policy contrasted with the three UN General Assembly resolutions condemning the economic, financial, and commercial blockade Washington has maintained against the Caribbean nation for more than three decades.

Alarcon Discusses Helms-Burton Bill With Friendship Caravan

FL2906232895 Havana Radio Reloj Network in Spanish 1932 GMT 29 Jun 95

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP], met U.S. members of the fifth U.S.-Cuba Friendship Caravan members today in Havana, and members of the two Canadian convoys visiting Cuba.

Alarcon highlighted the significance of having the support of people in the United States and Canada who oppose the blockade against Cuba. He stated that it is time to thoroughly understand the ongoing debate in the United States about Cuba, and stop the blockade, which is the crux of the matter. He pointed out that Cuba will continue to resist, no matter how long this might take, and will wait for a change in U.S. policy toward Cuba.

Alarcon highlighted that, so far, Cuba has heard only mild doubts or disagreements from the U.S. Government regarding the Helms-Burton Bill. He told caravan members that it appears that at the current time, the U.S. Government is hinting that only the Helms-Burton Bill should be condemned, whereas the Torricelli Law is acceptable.

The ANPP president went on to say that the U.S. Government is currently discussing how to strengthen the blockade, although the only legal, just, and moral thing to do would be to completely end it. This, he added, would be the only satisfactory solution for the Cuban people, who are not vassals of the U.S. Government. Alarcon stressed that a particular type of social organization is not the issue at stake for Cubans, but rather, the preservation of nationality per se.

German Official Foresees Weakening of U.S. Blockade

PA2906191795 Havana PRENSA LATINA in Spanish 0206 GMT 29 Jun 95

[FBIS Translated Text] Havana, 28 Jun (PL) — Dieter Spoeri, finance minister of the German state of Baden-Wurtemberg, today said the blockade imposed by the United States on Cuba is senseless and, in his opinion, will continue to weaken.

At a news conference granted shortly before his departure, the official, who is also a deputy minister of the FRG, advocated strengthening ties between enterprises from his country and the island.

With this in mind, he said, "The visit was very positive, because it allowed us to learn what we can count on today and what we can count on in the future. It also facilitated the exchange of information that will take cooperation to a higher level."

During a two-day visit to this city, the German delegation met with the Cuban ministers of economy and planning, foreign trade, construction, and light industry as well as officials from the steel and iron, mechanics, and electronics industries.

He also participated in the signing of a framework agreement between Guama, a Cuban entity, and Putzmeister, an FRG producer of construction equipment.

Likewise, he held a meeting with the directors of a joint venture in which the Mercedes-Benz company is planning to take part to build engines and vehicles.

Today, when he toured the Institute of Genetic Engineering and Biotechnology, Spoeri noted that he is planning to make public in his country Cuba's achievements in this field, as well as to promote various forms of association.

In concluding, he announced plans for a program that seeks to promote bilateral economic relations, which includes the exchange of executives and the training of businessmen.

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The visiting delegation included Rolf Eckrod, president of the Mercedes-Benz company of Brazil; the representative of the Deutche Bank in Brazil, as well as members of parliament from the Social Democratic and Christian Democratic Parties.

Vietnamese Communist Party Visits Cuban Communist Party

FL2606114595 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 24 Jun 95

[From the "NTV" newscast]

[FBIS Translated Text] (Vu Xuan Hong), member of the Central Committee and the Central Control Committee of the Vietnamese Communist Party [VCP], has arrived in Havana in response to an invitation of the Communist Party of Cuba [PCC].

(Vu Xuan Hong), who heads a delegation formed by three other officials of the Central Control Committee of the VCP, was received by Raul Michel Vargas, member of the PCC Central Committee and president of the PCC Party Control and Review Committee [comision de apelaciones].

The visit will allow the exchange of experiences between both parties in the control sector. Visitors will also tour Villa Clara, Matanzas, and Havana Province.

Swedish Development Aid Minister Meets Robaina, Alarcon

FL2806015995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 28 Jun 95

[From the "NTV" newscast]

[FBIS Translated Text] Pierre Schori, Swedish minister of Develpment Aid, who is visiting Cuba to discuss bilateral relations, held a meeting a few minutes ago with Jesus Montane, member of the commander in chief's support staff. Pierre Schori, a member of the EU Council of Ministers for International Cooperation, also met with Raul Taladrid, vice foreign investment and economic cooperation minister.

[Begin recording] [Schori, in Spanish] I see possibilities to reestablishing our cooperation in areas such as public health, science, biotechnology, education, and public administration. [end recording]

Schori affirmed that the world is changing and it is necessary to find new methods, projects, and forms of cooperation with Cuba.

This morning Schori met with Foreign Minister Roberto Robaina and Ricardo Alarcon, president of the National Assembly of the People's Government, and in the afternoon toured the Molecular Immunology Center.

Cited on Meeting With Castro

PA2906182995 Havana PRENSA LATINA in Spanish 2030 GMT 28 Jun 95

[FBIS Translated Text] Havana, 28 Jun (PL) — President Fidel Castro has met here Swedish Development Aid Minister Pierre Schori, who is wrapping up a two-day visit to Cuba.

"It was a productive, very friendly, and honest meeting, " Schori stated in brief remarks to Cuban television.

"We have had the opportunity to meet with several local authorities, and my impression is that all of us have an understanding of the world in which we live and that we must find new paths to face the challenges of the modern world," he stated.

Schori praised the open climate he found when discussing topics related to economics, politics, philosophy, and agriculture.

He noted that Sweden is striving to regain the close cooperation it had two years ago with Cuba in the scientific and technical sphere, and, after praising the island's international breakthroughs, especially those in biotechnology, he stressed, "for us, it is an honor to participate and contribute to the intellectual and scientific development of the world."

As a member of the EU Council of Ministers for International Cooperation, Schori also assessed Cuba's relationship with this organization — ties, which in his opinion, have grown.

On Wednesday, the EU unanimously decided to expand its relationship with Cuba, something that may lead to a future cooperation agreement between the two sides.

Following a recent visit to Havana by Emma Bonino, who is in charge of EU humanitarian aid, the topic of Cuba gained greater importance at the EU.

During his stay in Cuba, the Swedish official held talks with several local authorities, including Foreign Minister Roberto Robaina; Raul Taladrid, vice minister of foreign investment and economic cooperation; and Jesus Montane Oropesa, an aide to President Fidel Castro.

'Moved' by Meeting Castro

FL2906020295 Havana Radio Rebelde Network in Spanish 2300 GMT 28 Jun 95

[From the "Exclusive" program]

[FBIS Translated Text] Pierre Schori, Swedish minister of Development Aid, stated today that he was moved by his meeting with Commander in Chief Fidel Castro

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on 27 June. Schori, a member of the EU Council of Ministers for International Cooperation, stated that his meeting with Fidel was fruitful, friendly, and honest. He added that he conducted a very busy agenda during his two-day visit to Havana, during which he was able to meet the principal Cuban leaders.

Schori met Cuban Foreign Minister Roberto Robaina; Raul Taladrid, Cuban vice Foreign Investment and Economic Cooperation minister, and Jesus Montane Oropesa, aide to the Commander in Chief.

Announces Decision 'To Lift' Blockade

PA2906183195 Havana PRENSA LATINA in Spanish 2356 GMT 28 Jun 95

[FBIS Translated Text] Havana, 28 Jun (PL) — Swedish Development Aid Minister Pierre Schori today said that although Sweden's cooperation with Cuba has been suspended for ideological reasons, it will be resumed in the near future.

"My government has decided to lift the blockade on Cuba," remarked Schori, who also blamed the previous Swedish Government for the suspension of cooperation with Cuba, which began in 1970.

Schori said his visit to Havana follows an invitation from President Fidel Castro, with whom he had a long talk during the World Summit for Social Development, held in Copenhagen in March 1995.

Regarding his talk with Castro, Schori noted that it was very friendly and open, without any intention of giving recipes or solutions to the domestic problems resulting from the "new economic chaos" prevailing in the world following the end of the Cold War.

Asked about the amount to be allocated for the cooperation program, he stated that for the time being he cannot provide figures, because "we are starting from zero." The previous budget for this type of economic cooperation amounted to $10 million a year.

However, he mentioned that the loans will focus on programs linked to tropical medicine and other sectors of biotechnology and immunology, where Cubans show outstanding progress.

The official, who is also a member of the EU Council of Ministers for International Cooperation, stated that prior to his departure to Cuba, several executives from this organization gave their consent for a future cooperation program with Cuba at the EU level.

He also reaffirmed the current Swedish Government's willingness to support a cooperation agreement between Cuba and the EU.

Alternate Spokesman Thanks EU for Deciding To Expand Ties

PA3006043795 Havana PRENSA LATINA in Spanish 2120 GMT 29 Jun 95

[FBIS Translated Text] Havana, 29 Jun (PL) — The Cuban Foreign Ministry today thanked the decision the EU Executive Committee has made to expand its ties with the island.

"It is an important step toward the future expansion and development of Cuba's relations with this major part of the world," Luis Delfin Perez, alternate spokesman for the local Foreign Ministry, has said.

Yesterday, the EU organization unanimously approved an initiative to strengthen relations with the Cuban Government by expanding talks, which could lead to a bilateral cooperation agreement.

Meanwhile, Delfin announced at a news conference that a delegation headed by Eumelio Caballero, director of multilateral affairs at the Foreign Ministry, will go to Colombian in July to consult with the Colombian party on the upcoming summit of the nonaligned countries movement.

The spokesman said that the island is an active member of the NAM [Nonaligned Movement] and that it is important for the movement to hold the next forum in Latin America.

"In our opinion, the movement has a growing legitimacy; therefore, this delegation will discuss the necessary liaison with the organizers of the upcoming summit," he said.

Starting with the upcoming world meeting, Colombia will preside over the movement for three years.

Early this week, Foreign Minister Roberto Robaina stressed Cuba's interest in the NAM, because the nonaligned movement is still valid, "especially in a unipolar world where the powerful nations manipulate the decisions" the United Nations makes regarding problems vital for the international community.

Vice Foreign Minister on Association of Caribbean States

PA3006044595 Havana PRENSA LATINA in Spanish 1446 GMT 29 Jun 95

[FBIS Translated Text] Havana, 29 Jun (PL) — Cuban Vice Foreign Minister Jorge Bolanos today expressed confidence that the path to hold a summit in August to finally put the Association of Caribbean States (ACS) into gear is all clear.

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In an interview with PRENSA LATINA, Bolanos said at least 12 of the 25 ACS member countries, including Cuba, have already approved the charter of the ACS bloc, which was born in Cartagena de Indias, Colombia, on 24 July 1994.

The official made these statements after participating in a technical meeting held in Trinidad and Tobago where the documents that will serve as the basis for a final decision by the leaders of the area were studied. These leaders will meet on 17 and 18 August.

Judging from what we saw at the meeting, Bolanos said, everything seems to indicate there will be no obstacles so that, in August, at least 17 states, the necessary number to give legal status to the organization, will approve the charter.

In Port-of-Spain, proposed as the permanent headquarters for the new organization, representatives of the member countries examined the documents on tourism and transportation that will be presented at the leaders' summit.

Bolanos praised the text of the documents and described those on tourism as excellent, because they thoroughly analyze the situation in that sector, its positive and negative aspects, as well as the way to overcome the latter.

He said Cuba can make a big contribution in the area of tourism. He referred to the development of the multi-destination type of tourism started by his country years ago. Cuba receives many European tourists, as a contribution to the Caribbean region.

Referring to the report on transportation, Bolanos expressed concern over the privatization process public enterprises are going through in the Caribbean, an action that could contrast with the integration efforts underway in the area. He expressed trust, however, in the vision and authority of the statesmen to palliate this situation.

Bolanos added that a report on trade was not discussed at the Trinidadian capital this time. Trade is another topic of the upcoming summit of the Latin American Economic System (SELA), a topic that must be ready in the next few days.

He admitted that the ACS has faced difficulties in getting started and blamed that on the necessary procedures of each member country, procedures that must be in line with its laws and system of government.

This association, made up of the Group of Three (Mexico, Venezuela, and Colombia), could generate a gross domestic product of $500 billion, which would place it in fourth place among the world's economic blocs.

The diplomat said the economies of this group are diverse but with similar problems, but one could complement the other through activities such as tourism.

Tourism, Bolanos said, is the Caribbean countries' common denominator, because it is a large source of income for each one of them.

International Trade Accord Signed With Caricom

FL3006012595 Havana Radio Rebelde Network in Spanish 2300 GMT 29 Jun 95

[From the "Exclusive" program]

[FBIS Translated Text] Cuba and the Caricom countries today signed an accord that favors market analysis and reciprocal cooperation in regard to exportable products. The document was signed at the Expo Caribe 95 international fair and is a result of the exchange promoted by this trade fair. The accord should be implemented during the next four months and will allow the true potential for developing interregional trade to be identified and evaluated.

Haiti

Aristide Meets With Judges, Parties 28 Jun

Port-au-Prince Signal FM Radio in French 1030 GMT 29 Jun 95

[FBIS Translated Text] Haitian chief of state Jean-Bertrand Aristide met with several hundred judges yesterday — Wednesday, 28 June — in the Hall of Busts of the National Palace. In his speech on the occasion, the chief of state stressed judicial reform — which is of course indispensable today in Haiti, and which is also the main demand of the Haitian masses, who have been thirsting for justice for over 200 years. The judicial apparatus and the executive must work together, in common accord, in order to consolidate the democratic achievements by means of the judicial system [la justice] — said Aristide.

Aristide said, further, that he encourages...[rephrases] is going to encourage the judicial branch of the government to work very hard to see to it that no branch of government encroaches upon another. The chief of state says that if the Haitian people does not obtain justice, he himself will be responsible...[rephrases] it will be his fault — that he will hold himself eternally responsible for it.

[Begin Aristide recording, in Creole] (?There is a) demand that the Haitian people have (?made). The Haitian people are asking for justice because it has suffered from the machine of injustice, in every way, for the past 200 years.

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The Haitian people is asking for justice, and I myself am asking them not to take justice into its own hands but, rather, for justice to be handed out through the institutions. Thus: through the legal authorities.

Since October, when I speak of reconciliation, the Haitian people, which is asking for justice, sometimes does not like it — because, the Haitian people say: here they are, victimized and in need of justice, and here is the president, speaking of reconciliation. Nonetheless, I will continue to speak of reconciliation. I will continue to demand reconciliation — because, in my opinion, without reconciliation, there is no future for Haiti. And reconciliation and justice are one and the same thing; thus, injustice, too, has neither reconciliation nor [pa gen ni...ni...] a future for Haiti in it.

The more the judges find a way to hand out justice, the more satisfied [kontan] the Haitian people will be, and the more its confidence [konfyans] in you will grow. (?From) that trust [konfyans], will come a big embrace between the Haitian people and the judges, so we can move forward...[pause]...in reconciliation...[pause] it is going to be a total catastrophe, because people are going to begin taking justice into their own hands, and then it will be impossible for us to build that rule of law, that government based on law that we want to build together. [sentence as heard] [end recording]

The minister of justice, attorney Jean Joseph Exume, accompanied by the secretary of state for justice, Mrs. Carole Demerville, announced that the school for judges will be opened on Monday 3 July, 1995. The school will be in the former premises of the military academy, in the Freres section of Petion-Ville. A first course is to begin next October, for people who have a degree in law, and there will be a continuing education program for all the nation's judges — says Justice Minister Exume.

For his part, the president of the Court of Cassation did not conceal his satisfaction, following this meeting held between President Aristide and the justices of the peace. The head of the supreme court of appeals invites his colleagues to work honorably and with dignity so as to carry out their tasks well.

In parallel, President Aristide also met — yesterday at the National Palace — with leaders of a majority of the main political parties. It was — for the president of the Republic, following the wave of vandalism perpetrated against Communal Electoral Bureaus [BEC] — a matter of contributing to preserve the reputation and the image of the political parties, whose role is indispensable in the process of [word indistinct] of the rules of democracy.

The Presidency spokesman says: Following frank and constructive discussions, which took place in an atmosphere of serenity, the political party leaders agreed to invite their supporters to the calm necessary to establish that climate of peace. They (?also) promised to meet with the Provisional Electoral Council [CEP] in the presence of representatives of the executive.

Among the political parties that sent representatives, were: ALAH [Alliance for the Liberation and Progress of Haiti], [represented by] Reynold Georges; Conacom [National Congress of Democratic Movements], Senator (Jean-Robert Martinez); Lavalas, Chavannes Jean-Baptiste; MKN [National Cooperative Action Movement], Dr. Volvick Remy Joseph; Modelh-PRDH [Democratic Movement for the Liberation of Haiti-Democratic Revolutionary Party of Haiti], Francois Latortue; PAIN [National Agricultural and Industrial Party], (Paul Duchatelier); Panpra [Nationalist Progressive Revolutionary Party of Haiti], Serge Gilles; (PAP) [expansion unknown], (Wesner Morancy); (PROP), (Annette Auguste); RDC [Christian Democratic Assembly], Eddy Volel; UPD [Union of Democratic Patriots], Rockefeller Guerre; and (UPDC) [expansion unkown], (Robert Aupont).

We must say that President Aristide met with the representatives of political parties, but on the menu were last Sunday's elections, greatly criticized by the majority of Haiti's political parties. Several political parties asked that the elections be declared null and void, while others suggested that the elections be held anew in the areas where many irregularities were noted.

As regards the Lavalas thing [de la question "bo tab la"], President Aristide refused to make any comment whatsoever. He cited, as examples, other presidents, who routinely accompany candidates on their electoral campaigns — according to statements made by the Conacom representative at this meeting, Senator (Jean-Robert Martinez) to [reporter] Kenol Dorvil.

[Begin recording, in Creole] [(Martinez)] This morning, there were a number of representatives — and also leaders — of political parties there. They came to meet with the president and with the head of the government, Prime Minister Smarck Michel, and a number of other ministers present, to discuss the problems that arose in connection with the way the 25 June elections unfolded.

On that occasion, precisely, the problems were laid out on the table. Indeed, everyone was in agreement that they should denounce that flagrant irregularities had occurred during those elections, irregularities that even caused prejudice to the rights of certain candidates and to the rights of certain citizens, who did not manage to vote.

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Now, vis-a-vis that situation — that they acknowledged those irregularities — certain parties asked that the elections be pure and simply declared null and void...[rephrases] asked they be held again later, and that all this annulled, so as to come up with another CEP, saying they did not trust the present one. However, the great majority of the parties...[rephrases] other parties asked simply that there be a within the CEP, and a correction of what might have been done, as of the second round of elections — and that the elections be held anew in those places where it was unable to be held on 25 June, of course.

[Dorvil] And so, what did you come up with, as a resolution, that is reassuring [words indistinct]?

[(Martinez)] Well, we have not yet had any assurances. These were propositions. But they are going to discuss what needs to be done in a future meeting between the CEP and the political parties that is to be held next Friday at 1100, so they can exchange whatever complaints, demands, and accusations that they might have against the CEP, while the CEP will have a chance to defend itself and say what it intends to do. And I think that only then will we be able to come up with definitive conclusions on the matter. [end recording]

CEP on Election Disorders, Security Failings

Port-au-Prince Signal FM Radio in French
1030 GMT 29 Jun 95

[FBIS Translated Text] The Provisional Electoral Council [CEP] is denouncing the attacks on the BECs [Communal Electoral Offices] and on the election results.

In a communique dated 27 June, the CEP declares that ill-intentioned individuals insist on trying to get the elections... [pauses] the results of the elections declared null and void, by trying to destroy the electoral material and deprive the Haitian people of their victory. The CEP points out some 10 cases that have occurred: notably, in the northwest, the northeast, the west, the Grand'Anse, and the central plateau.

The CEP points the finger at candidates — or citizens linked to them — of the FNCD [National Front for Change and Democracy], PNT [National Labor Party], Conacom [National Congress of Democratic Movements], and RDNP [Assembly of Progressive National Democrats] as bearing a certain amount of responsibility for these acts.

According to the CEP communique, in the [Department of the] Northwest, the Mole Saint-Nicolas BEC was set on fire by people linked to the candidates of the PNT and the FNCD. At the Bassin Bleu BEC, individuals in collusion with the candidates of the FNCD and with an independent candidate stole reports and trashed the radio communications system — adds the CEP, indicating that the BEC president has filed a complaint with the Public Prosecutor and protested to the election security forces.

The CEP report also highlights the involvement of Conacom members inside the polling stations or in the destruction of ballots in Kenscoff in the [Department of the] West, and in Fort Liberte and Sainte-Suzanne in the Northeast. In the latter place, members of the RDNP have been accused of being involved in setting fire to ballots.

In Maissade and Thomassique, in the central plateau, the BECs were set on fire, but the ballots and reports were saved — says the CEP communique, which reports that a former MIDH [Movement for the Establishment of Democracy in Haiti] senator who is running for senator for the Department of the Northeast ravaged, along with his supporters, the premises of the Perches polling station — according to statements by members of the BEC, quoted by the CEP.

For the Department of the Grand'Anse, the CEP says it is quoting a UN report that identifies a Conacom candidate as the murderer of FNCD candidate Henock Jean-Charles, who, as you will recall was murdered on 26 June in Anse-d'Hainault. This bit of information was denied yesterday by the UN spokesman.

Furthermore, in Corail, the BEC was set afire by unidentified individuals the day after the elections.

The CEP condemns these acts, and notes that they have been perpetrated by those who, since they were unable to prevent clean elections from being held, have decided to eliminate the 25 June elections.

The CEP also expressed its uneasiness vis-a-vis the lightness of the national and foreign security forces, which it claims to have asked to secure the electoral materials.

To Issue Initial Results 'This Thursday'

Port-au-Prince Radio Metropole in French
1600 GMT 29 Jun 95

[FBIS Translated Text] The CEP [Provisional Electoral Council] promises to make public this Thursday the initial partial results of the elections. In the Artibonite, the ballot counting is well advanced, and the local office has published the partial results. We have learned that, according to the breakdown, three Lavalas candidates are reportedly in first place, followed by the candidates of the FNCD [National Front for Change and Democracy] and of the UPDC [expansion unknown].

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Accuses Candidates of Wrongdoing

Port-au-Prince Radio Metropole in French
1600 GMT 29 Jun 95

[FBIS Translated Text] The CEP [Provisional Electoral Council] is making accusations against certain candidates. The CEP is asking the Ministry of Justice to have the Public Prosecutor initiate legal proceedings against a certain number of candidates.

In a letter addressed to Minister of Justice Jean Joseph Exume, the CEP accuses PNT [National Labor Party] candidate (Remy Lumas) and RNCD [acronym as heard, expansion unknown] candidate (Alexis Eluscard) of having inciting their followers to ransack the Mole Saint-Nicolas BEC [Communal Electoral Office], burning the election documents, and carting away the formal records of the polling stations' counts. Basing its letter on a complaint lodged by Mr. (Serges Regnier), president of the Department of the Northwest BED [Departmental Electoral Office], which is located Port-de-Paix, the CEP asks that the Public Prosecutor's Office initiate legal proceedings against these individuals.

Furthermore, according to the CEP, Mr (Regnier) accuses three FNCD [National Front for Change and Democracy] candidates—(Simon, Jean-Abner), (Dieujuste Bazelais), and (Louis Roldol)—and independent candidate (Jules Durand) of having participated in criminal activities at the Bassin Bleu BEC. The CEP asks that an investigation be conducted and that the guilty parties be punished according to the provisions of the law.

However, the FNCD holds that the CEP allegations are untrue and irresponsible. The FNCD notes that the reputation of the CEP as an unreliable institution is already established. Since its appointment, this institution and, more particularly, its president have spared no efforts to prove its full allegiance to a political group engaged in the electoral battle. This, notes the FNCD, explains how it came about that the multiple irregularities and crimes committed in the 25 June elections by that political group were never denounced. The FNCD, adds that the CEP does not possess the will, the competence, nor the morality required to organize honest, credible, and democratic elections in Haiti.

UPD Leader, PAIN Candidate on Elections

Port-au-Prince Signal FM Radio in French
1030 GMT 28 Jun 95

[FBIS Translated Excerpt] Rockefeller Guerre did not mince any words. He suggests the re-holding, pure and simple, of the elections in Haiti, next November. During a news conference yesterday, Guerre, who is president of the UPD [Union of Democratic Patriots], harshly criticized Sunday's elections. Those elections are a national disgrace — he exclaimed.

Guerre, who is secretary of state for mines, is calling for the elections to be held once again, next November.

Meanwhile, (Serges Joseph), a candidate for senator in the Department of the Artibonite, said he thinks there were few cases of irregularities in that part of the country. This National Agricultural and Industrial Party, PAIN, candidate says that the population of the Artibonite Valley was able to vote in an atmosphere of tranquility during last Sunday's elections.

[Begin recording in Creole] [passage omitted] [(Joseph)] Precisely. As I told you, people did not allow passions, too many feelings, that business of the table [allusion to the Lavalas symbol, a table], overcome them. They managed to find a way to go out and vote properly. And that is what makes you see that things went more or less calmly in the Department of the Artibonite — except for Desdunes, where elections were not held at all, and La Chapelle, where the population boycotted the election. When they looked and saw that another candidate brought ballots, and that he himself took the ballot boxes... [pauses, laughs] who had two or three people vote and then carried the boxes over to the BEC [Communal Electoral Office] authorities, up in (?Verrettes). So there, as you can see, it was a big deal.

Then, up in the Marchand Dessalines area as well, we noted certain irregularities. But, aside from those, overall...[rephrases] and also the problem that occurred in Ennery. But, overall, things didn't go too badly.

[Unidentified reporter] So, there weren't many irregularities, Senator (Joseph)? At least not in the Artibonite Valley?

[(Joseph)] Right. For the Department of the Artibonite. [end recording]

PNDPH: 'Coup' by Right Against Democracy

Port-au-Prince Radio Metropole in French
1030 GMT 29 Jun 95

[FBIS Translated Excerpt] The PNDPH [National Progressive Democratic Party of Haiti] is contesting the 25 June elections, elections former Senator Turneb Delpe's party says were marked by flagrant irregularities. The PNDPH denounces a coup by the Right against democracy. Here is Guilloto Francois's report.

[Begin recording, in Creole] [Francois] The PNDPH, which is part of the FNCD [National Front for Change and Democracy] not only criticizes the electoral process but also says that the 25 June elections constitute a scandal. The FNCD is a big (?loser), according to Pierre

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Andre Guerrier, the PNDPH's second in command, who condemned the assassination of Henock Jean-Charles who was a candidate for deputy in Anse-d'Hainault.

The PNDPH will not accept the 25 June elections, which Mr. Guerrier says had too many illegalities for people not to say that the CEP [Provisional Electoral Council] violated the election laws. Turneb Delpe's party is now preparing a plan to present to the FNCD with a view to complaining about the CEP. According to Guerrier, the 25 June elections constitute a real coup d'etat effected by the extreme right.

[Guerrier] The day of 25 June is a coup d'etat by the Right, and the people who effected it, well, it isn't President Aristide that they hate. What they hate is that mass of poor people who have been slaving away and suffering for as long as anyone can remember. They cannot stand them!

[Word indistinct], the PNDPH [word indistinct] that it is not going to support either any illegalities or any violations of the 1987 Constitution. The PNDPH is going to do everything it can, within the FNCD, to get the FNCD to make the political decision that will go in the direction of respecting the interests of the Haitian masses.... [pauses] in the interest of strengthening proper democracy in Haiti.

[Francois] The PNDPH criticized the position of the international community, which has expressed support for the CEP, a position that President Jean-Bertrand Aristide shares but that the PNDPH opposes.

[Guerrier] President Aristide [words indistinct] like a (?robber) president. (?Who took the) president and made him say whatever he [not further identified] wanted? How can there be a CEP.... [pauses] the CEP should shoulder its responsibilities! Yesterday.... [pauses] Sunday, at 1600, those guys [words indistinct] president said that, oh yeah, he is going to prolong the elections until 2200! What kind of (?thieving) president is that? What kind of pillager is that? Who is it that has taken over our president?

They [not further identified] make him say whatever they please — know what I mean? And it is they whom I am condemning here! It is they whom I am contesting!

[Francois] The 25 June elections have blocked democracy in Haiti, says the PNDPH, which considers anyone connected with the latest legislative, municipal, and local elections a phony democrat. [end recording]

FNCD Calls 'Special Meeting' for 30 Jun

Port-au-Prince Radio Metropole in French
1600 GMT 29 Jun 95

[FBIS Translated Text] Here is an invitation from the FNCD [National Front for Change and Democracy] to candidates running for senator, deputy, municipal offices, Casecs [Administrative Council for the Communal Section], and to the regional coordinators of Haiti's nine geographical departments. They are summoned to a special meeting to be held at 1200 on Friday, 30 June, at the FNCD headquarters.

BED-West Head Dismissed; Coordinator Appointed

Port-au-Prince Radio Metropole in French
1600 GMT 29 Jun 95

[FBIS Translated Text] The Department of the West BED [Departmental Electoral Office] president has been dismissed. The [Provisional] Electoral Council [CEP] announced the dismissal of (Jassion Barthelmy), the president of the BED for the Department of the West, who was immediately replaced by (Laurent Bossuet Aubour).

No explanation of why the CEP made such a decision was given. However, we know that certain political parties have denounced cases of fraud that allegedly occurred at the offices of the BED-West, where on the evening of Sunday, 25 June, full ballots [as heard] were reportedly replaced by others.

Within the framework of the restructuring of the BED-West, Mr. (Jean Demilien) has been appointed coordinator for the department, particularly (?in light of) the strengthening of the Port-au-Prince BEC [Communal Electoral Office].

Candidate's Arrest Sparks Demonstration

Port-au-Prince Radio Metropole in French
1600 GMT 29 Jun 95

[FBIS Translated Excerpt] We point out that there is a demonstration going on in front of the Port-au-Prince police headquarters. The demonstrators are protesting the arrest of a candidate running for deputy for the Delmas area. Here is Jean Max Blanc.

[Blanc in Creole] Indeed, since this morning diverse individuals came out of the Delmas area — some 200 or 300 of them. We don't know exactly how many there are, but they are many. They are walking back and forth in front of the police offices, protesting the arrest of a candidate for deputy for the commune of Delmas.

The demonstrators are asking the police authorities to free Mr. (Eddy Fils-Roy), who the demonstrators say

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the police arrested yesterday at 2100. The demonstrators say that the Constitution specifies a time at which the police can arrest people, and that it was past that time when the police came to arrest the candidate. [passage omitted including indistinct portion]

A high-ranking Port-au-Prince police official whom we questioned about the matter of a weapon said that the candidate did indeed have a weapon in his home. He had a .38-caliber revolver; which is why they arrested him. And according to that officer, it seems the candidate did not have a permit to carry that weapon.

This is Jean Max Blanc, out in the streets of Port-au-Prince.

Candidate Warns of Sabotage by Outgoing Cartel

Port-au-Prince Radio Metropole in French
1030 GMT 29 Jun 95

[FBIS Translated Excerpt] Alix Fils-Aime, the (COSIC) [expansion unknown] candidate for deputy for the 4th District of Port-au-Prince, says he won the municipal elections in that commune. Yesterday, in the Port-au-Prince Civil Court, Mr. Fils-Aime termed as harebrained and exaggerated the statements by Mrs. (Claire Lizzie Parent), who 24 hours earlier had announced the victory of the FNCD [National Front for Change and Democracy] cartel, which she heads. Mr. Fils-Aime also denounced pressure he claims was exerted on his representatives. Here is a report by Wendel Theodore.

[Begin recording, in Creole] [Theodore] Alix Fils-Aime, the candidate for deputy for the 4th District — Petion-Ville and Kenscoff — who is running under the (COSIC) banner, says that (COSIC) has won the elections for communal magistrate and deputy for the commune of Petion-Ville.

Mr. Fils-Aime, during a news conference at the (COSIC) headquarters on 28 June, reacted to statements by (Claire Lizzie Parent), head of the FNCD cartel for communal magistrate, who had told the media that her cartel had won. He said the following:

[Fils-Aime] [Passage omitted] We had representatives at all the BIV's [Registration and Voting Offices], and we were pressured at most BIVs. There was a lot of pressure exerted on us. [passage omitted]

[Theodore] [Passage omitted] Fils-Aime also said his representatives were pressured by members of the BEC's [Communal Electoral Offices] and the BIVs. He also announced he is going to submit to the courts several well-documented files on the incidents that occurred during the 25 June elections.

On the same occasion, Mr. Fils-Aime made a request of the Interior Ministry and the Supreme Court of Accounts and Administrative Litigation [Kour Siperyer de Kont].

[Fils-Aime] I would also like to ask.... [pauses] I have already said this, and I would again ask the Interior Ministry and the Supreme Court of Accounts to take measures to safeguard the property and equipment in Petion-Ville city hall, because we have received reports of rumors that if they have to give up city hall, they will sabotage the equipment, sabotage the [word indistinct], and (?do this, that, and the other). [passage omitted]

[Theodore] Later, Mr. Fils-Aime protested the release of Mr. Dupuy [not further identified], who was arrested for committing acts of aggression during the elections. Mr. Fils-Aime also denounced the incompetency of the interim police, who did not intervene to restore order in Kenscoff during the disorder.

The candidate explained the election irregularities as a result of the country's unemployment. There are a number of candidates who took advantage of the CEP's [Provisional Electoral Council's] limited means to complicate the CEP's work, because they were desperate. Aside from a few improper acts committed by the CEP, such as changing candidates' emblems. [sentence as heard]

Regarding the statements by Mrs. (Parent) who said the town is in danger and that money is being distributed to change dossiers, Fils-Aime said he is the one who has received the most threats, daily. He said that he never distributed money during his campaign to get people vote for him.

Finally, despite the fact that the CEP has not yet issued results, the (COSIC) candidate for deputy announced he is going to do everything he promised the voters during his campaign: such as proposing draft laws on decentralization, dual nationality, changes in the educational system, and the promotion of education and rights for women in Haiti. [end recording]

Police To Prohibit Actions Inciting Violence

PA3006035595 Mexico City NOTIMEX in Spanish
0139 GMT 30 Jun 95

[FBIS Translated Text] Port-au-Prince, 29 Jun (NOTIMEX) — Haitian police authorities announced today they will prohibit any type of action inciting violence and will jail politicians who participate in such demonstrations.

Haitian Police Commander Danny Touissant said action will be taken against candidates who participated in the legislative and municipal elections on 25 June and

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are now calling for an uprising to demonstrate their discontent over the electoral results.

The first round of legislative and municipal elections was held on 25 June amid disorganization and a poor voter turnout.

With an electoral register of 3.5 million voters, the elections were characterized by the improper distribution of ballots, in contrast with the organization of the 1990 elections, when the current president was elected.

The absence of transportation hindered the mobilization of hundreds of thousands of voters who were registered far from their places of residence.

The day was marked by irregularities nationwide, such as the late opening of voting centers and the undue influence exerted on voters by electoral office employees and politicians, actions which affected the secrecy of the vote.

Certain political parties have expressed discontent and have asked the people to stage demonstrations and to demand a new round of elections.

Haitian UN Representative Lakhmar Brahimi has said security was maintained successfully during the elections, although there were some irregularities.

Provisional Electoral Council (CEP) President Anselme Remy has said persons closely associated with the candidates apparently infiltrated the electoral organization to get a closer look at its work.

The electoral authorities have initiated an investigation into the whereabouts of the people who may have been at the CEP facilities on election day.

According to Remy, the first partial election results will be published on 30 June.

The presidential elections are scheduled to be held in December 1995. Aristide, by constitutional order, will be unable to seek reelection and will have to surrender the presidential sash in February 1996.

In the 25 June elections, the voters were called upon to elect 18 senators, 83 deputies, 133 municipal councilmen, and 565 community administration councilmen.

Support From Caricom Countries Needed

FL2906141795 Nassau Bahamas Radio Network in English 1130 GMT 29 Jun 95

[FBIS Transcribed Text] The success of Sunday's elections in Haiti was due in part to the contributions of Caricom member countries like the Bahamas. However, in order to maintain democratic harmony in that country, the contributions from countries like the Bahamas must continue. Jerome Sawyer takes a look at how the role of the Bahamas helped in Haiti.

[Begin recording] [Sawyer] Well over a million Haitians flocked to the polls Sunday in what is being described as a victory for democracy in Haiti. In spite of the numerous voting irregularities though, the electoral board says that Sunday's vote will stand and election results may be in as early as the end of the week.

Despite the voting irregularities on Sunday, the country's electoral council was able, in a matter of five months, to organize and pull off elections following years of turmoil in Haiti, a feat that Haiti charge d'affaires, Joseph (Etienne) called quite an accomplishment.

[(Etienne)) In a country where there is no [words indistinct] of tradition of voting, for the election to be held in such a short time [words indistinct], it is quite an accomplishment and the Haitian people need to be complimented.

[Sawyer] In an exclusive interview with ZED News, Mr. (Etienne) said that the elections proved that Haitian people want democracy as part of the landscape, but, now admits Mr. (Etienne), Haiti must turn its sights to repatriation.

[(Etienne]) We should waste no time to prepare for resettlement. But we have certain countries here [words indistinct] longer who are willing to accept Haitian [words indistinct] so the government of Haiti has to make every effort to welcome the sons and daughters of [words indistinct].

[Sawyer] (Etienne) says he knows that the transition to a democratic society will not be an easy one and this, he says, is where countries like the Bahamas come in.

[(Etienne]) [words indistinct] complement of the elections because once you have elections, you have to establish a strong democratic institution capable of ensuring that you have a democracy environment.

[Sawyer] Haitian officials [words indistinct] these elections as a prelude to presidential elections in November which they are hoping will run much more smoothly. Reporting for ZED News, I am Jerome Sawyer. [end recording]

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Zedillo Names State Governor as Government Secretary

PA2906131595 Mexico City NOTIMEX in Spanish 1059 GMT 29 Jun 95

[FBIS Translated Text] Mexico City, 29 Jun (NOTIMEX) — Mexican President Ernesto Zedillo yesterday accepted the resignation of Government Secretary Esteban Moctezuma Barragan, whose post will be assumed by Emilio Chuayffet Chemor, current governor of Mexico State (central Mexico). Carlos Salomon Camara, the Presidency's director of public communication, made the announcement, reading a communique to the media representatives gathered at the "Venustiano Carranza" Room of Los Pinos Presidential Residence.

Camara reported that the president of the republic has designated Moctezuma Barragan as a special adviser to coordinate the promotion of new federalism — the basic objective of the National Development Plan. He added that by virtue of the authority conferred upon him by Section 2 of Article 89 of the Constitution, the president invited Governor Chuayffet Chemor to take over the reins of the Government Secretariat (SG).

In order to accept the appointment from the chief executive, Chuayffet Chemor will request authorization from the Congress of Mexico State to step down from his position, according to the presidential spokesman. Carlos Salomon Camara noted that in observance of internal SG regulations, Government Under Secretary Arturo Nunez Jimenez will temporarily serve as acting government secretary. The presidential spokesman also stressed that President Zedillo thanked Moctezuma Baragan for his continued loyalty, dedication, and effectiveness in fulfilling the responsibilities of government.

This is the third resignation tendered by a member of Zedillo's cabinet, following the resignations of Jaime Serra Puche, finance and public credit secretary, and Fausto Alzati, secretary of education.

The presidential spokesman noted that the appointment of a Mexico State official who has distinguished himself in public service will strengthen the president's commitment to promote new federalism.

New Government Secretary Emilio Chuayffet Chemor was born in the Federal District on 3 October 1951. He is the son of Emilio Chuayffet Chuayffet and Ruth Chemor Abraham, and he is married to Olga Guadalupe Soto Priego.

Chuayffet Chemor, who has been a member of the Institutional Revolutionary Party (PRI) since 1969, obtained a law degree from the National Autonomous University of Mexico (UNAM) with a dissertation entitled "The Juridical Nature of the Federal District."

Among his political activities, the new government secretary has served as municipal president of Toluca, Mexico State; assistant secretary to the labor under secretary; and president of the CEPES [expansion unknown] Consultative Council from 1981 to 1983. In addition, he has served as a deputy councilman and councilman in the Benito Juarez District; secretary of government and secretary of education, culture, and social welfare of Mexico State; federal consumer prosecutor from 1989 to 1990; and director general of the Federal Electoral Institute from 1990 to 1993. Chauyffet, who will replace Esteban Moctezuma Barragan as government secretary, also served as the coordinator of advisers to the Government Secretariat in 1993. Since 15 September 1993, he has served as the constitutional governor of Mexico State.

Appointment of Government Secretary Draws Reaction

PA2906231295 Mexico City NOTIMEX in Spanish 1808 GMT 29 Jun 95

[FBIS Translated Text] Mexico City, 29 Jun (NOTIMEX) — Emilio Chuayffet Chemor, the newly appointed Mexican government secretary, is a "skilled negotiator" and a "proven political operator," political leaders and specialists have told the local press.

Alvaro Arreola, a specialist in political affairs, has told the daily REFORMA that Chuayffet Chemor, 44, who will replace Esteban Moctezuma Barragan in office, "is widely known as a proven political operator."

The new government secretary, who has served as governor of Mexico State (neighboring the capital of this country), will assume his position when the legislative branch of his state grants him a leave of absence.

Chuayffet was director of the Federal Electoral Institute, the agency that organizes elections in the country (1991-1992) and was later elected governor of the central state of Mexico, next to the capital.

In statements to the press, Porfirio Munoz Ledo, president of the opposition Party of the Democratic Revolution (PRD), acknowledged "the skill and political experience" of the new government secretary.

"I hope that in performing his duties he will not respond to any group or leaning because the change would then have no use for the country," the leader of the third largest political force of the country explained.

Meanwhile, the National Action Party, the country's second largest political group, has spotlighted the work of former Secretary Moctezuma Barragan and has asked

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the new official responsible for internal policy "to undertake greater efforts in order to institute confidence in the nation."

Among the main challenges facing Chuayffet is the reactivation of the political reform which President Ernesto Zedillo initiated at the beginning of this year and which only the progovernment Institutional Revolutionary Party (PRI) continues to pursue.

In addition, he must continue with the negotiation process which was initiated in the southeastern state of Chiapas with the Zapatist National Liberation Army (EZLN) and which reached an "impasse" in the last meeting without significant progress, experts have agreed.

Moreover, the new government secretary must face the pressure of expelling three foreign priests who worked in Chiapas and were deported after being charged with meddling in the country's poliiical affairs.

Meanwhile, Finance Secretary Guillermo Ortiz has denied the cabinet change will somehow affect the behavior of national financial markets, which registered a slight increase this week.

Presidential Spokesman Carlos Salomon Camara announced Moctezuma Barragan's resignation the afternoon of 28 June, and it marked the third change in the cabinet of President Zedillo. The first changes were made in the Secretariats of Finance and Education.

The first cabinet change occurred last 28 December when then Commerce Secretary Jaime Serra Puche tendered his resignation, one week after the beginning of the financial crisis, which resulted in a strong devaluation of the Mexican peso.

The second change was the resignation of Education Secretary Fausto Alzati, after he became involved in a scandal for claiming false academic titles.

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Guatemala

Party Registers as Liberty Patriotic Movement

PA3006000495 Guatemala City LA REPUBLICA in Spanish 28 Jun 95 p 10

[FBIS Translated Text] The Liberty Patriotic Movement [Movimiento Patriotico Libertad] (MPL) was registered before the Citizens Registry this week, increasing the number of legally registered parties to 28. Colonel Clementino Castillo Coronado is its secretary general.

In his first official statement, Castillo Coronado said his party is aware that peace is necessary but also believes the agreements between the government and the rebels should be signed within the legal framework.

Castillo Coronado said the URNG [Guatemalan National Revolutionary Unity] carried out actions of sabotage and extortion by means of the war tax and violating the accords and the freedom rights of Guatemalan citizens even though the government has demonstrated goodwill during the talks. He added that these actions, which he described as crimes of high treason against the homeland and mankind, have kept the people in a state of misery, deception and disbelief.

Castillo Coronado concluded that the MPL will invite and encourage the rebels to change their attitude, which is contrary to the people's interest, once it is in power.

Nicaragua

Coalition Agrees To Appoint 2 Members of Electoral Council

PA2906044795 Managua BARRICADA in Spanish 28 Jun 95 p 2

[Report by Xavier Rayo Valle]

[FBIS Translated Text] In the hierarchy pact, the coalition that controls the National Assembly again yielded to the executive last night by agreeing to appoint only two members of the Supreme Electoral Council [CSE].

After a lengthy meeting between the Assembly directors and the coalition of factions, the Assembly decided to reduce its list of candidates for magistrates to two principals only and leave to the executive the election of the other two. A similar situation happened with the alternates. As a result, the legislature will elect two of the seven CSE magistrates, the executive will elect two more, and the Catholic Church one. Mariano Fiallos and Guillermo Selva will serve another term. This completes the number.

The coalition that controls the Assembly again gave evidence yesterday of yielding to the executive's terms by approving several additional articles of the General Telcor [Nicaraguan Telecommunications and Postal Services] Bill, which includes the granting of concessions and permits for the privatization of this state enterprise. Nevertheless, the deputies, who started a new round of talks today, a round supposed to be the last one, are preparing to turn down the seven last articles of the Framework Bill, which they pledged to approve in consensus with the executive.

Daniel Ortega, secretary general of the Sandinist National Liberation Army [FSLN], again rejected this kind of "hierarchy pact," because, he said, this pact does not solve the country's most pressing problems, such as land ownership or loans, problems which are the originators of the country's crisis.

Ortega said his party's position is to include in this effort all the country's important forces, an effort that could lead later to a national dialogue and constitutional reforms.

Ortega minimized any agreements between the executive and the legislature, because, he said, they emerge from a pact among certain Assembly sectors, even groups not legally registered and a weak government, with no social basis or people's support.

Regarding the charges of organizing reported kidnappings and other actions attributed to FSLN members, Ortega said that this is an old trick of the deputies to which they resort when they run into trouble with the government and that, consequently, such charges should not be taken seriously.

Executive, Legislature Agree on List of Magistrates for CSE

PA3006041395 Managua EL NUEVO DIARIO in Spanish 29 Jun 95 pp 1, 8

[Report by Edgard Barberena]

[FBIS Translated Excerpt] After several hours of intense negotiations at the Presidency and at one of the rooms of the Olof Palme Convention Center, the executive and legislative branches agreed on a list of magistrates and their alternates for the Supreme Electoral Council (CSE).

The names of the candidates who will probably be chosen by the National Assembly this week were announced at approximately 2200. The candidates were: Mariano Fiallos Oyanguren, Rosa Marina Zelaya, Alfonso Callejas Deshon, Braulio Lanuza Castellon, and the notable Roberto Rivas.

Following an impasse that occurred at 1700—when the leader of the parliamentary delegation, Luis Humberto

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Guzman, left the Presidency for consultations with the leaders of the legislative blocs—the list of candidates for CSE alternate members was disclosed.

EL NUEVO DIARIO has learned from government sources that the candidates for the alternate position are: Ciril Omler, Thomas Gordon, Carlos Baez, Mario Montenegro, and Ana Maria Gutierrez. [passage omitted]

Panama

ARI: Plan for Reverted Areas May Be Ready in 1 Year

PA3006042695 Panama City LA ESTRELLA DE PANAMA in Spanish 29 Jun 95 p 28

[Report by Cristobal A. Chen]

[FBIS Translated Text] A report issued yesterday by the Interoceanic Region Authority (ARI), to which LA ESTRELLA DE PANAMA gained access, revealed that the General and Regional Plan for the Reverted Areas could be ready in over one year at a cost of 4,000,619 balboas.

According to the document, the Regional Plan for the Development of the Interoceanic Region comprises the Panama Canal hydrographic basin and will set forth a conservation program for the area.

Both studies will be conducted simultaneously by the Nathan Associates-Intercarib S.A. Consortium, which was approved through an executive branch cabinet decree.

The contract with the firm stipulates that it must present periodic reports indicating the progress that is being made on the studies.

According to the ARI report, the negotiation of the contract for these studies was conducted by experts in the areas of the economy, urban and environmental planning, transportation, legal issues, and others.

ARI Administrator Nicolas Ardito Barletta has said one of the ARI's priorities is to "go forward with plans required by law so that they will serve as a foundation and guide in the evaluation of the ARI's work in the Canal areas."

The government and the ARI are planning to promote foreign investment in the reverted areas by creating "industrial parks" at the military sites that will revert to Panama.

Daily Cautions ARI on Dealing With Investors

PA2906142595 Panama City LA ESTRELLA DE PANAMA in Spanish 28 Jun 95 p 4A

[Editorial: "News for ARI"]

[FBIS Translated Text] A report recently divulged by the media says the government has approved a contract with a U.S. consortium "to draft regional and general plans for the reverted areas," to be completed in 17 months.

The terms of the contract apparently do not consider some strategic installations such as Howard, Sherman, Rodman, and Galeta Island. Nevertheless, the contract will include recommendations on the best use and conservation of reverted and to-be-reverted areas and will make suggestions on possible investors, ways of attracting them, and places where they can be located.

From this it can be deduced it is not advisable for ARI [Interoceanic Region Authority] to make any formal agreement with possible investors before plans are drafted and presented following the scheduled 17 months, or before the plans are approved by the government and, eventually, by the Legislative Assembly. ARI should make no commitment before knowing perfectly well the plans and how the land and buildings in the reverted and to-be-reverted areas will be used. Otherwise, difficult problems would arise if in the plans a particular use and possibly a client are recommended, for certain installations, and later an existing committment is found and maybe that they are already destined for a different purpose.

Daily Urges Waiting for U.S. Proposals on Treaties

PA2906193595 Panama City LA ESTRELLA DE PANAMA in Spanish 29 Jun 95 p 4A

[Editorial: "Renegotiation of the Treaties"]

[FBIS Translated Text] For the time being it is only an initiative, an embryo, of a private group, and thus, it lacks any official value. Therefore, it is not possible to anticipate what the government in Washington's reaction is going to be — if it does happen at all — but the fact that certain U.S. personalities, including high-ranking civilians and military men, have voiced on several occasions opinions that are favorable to a review of the treaties, to at least ensure a continuation after the year 2000 of "some U.S. military presence in Panama," allows us to presume that this issue will not catch anyone at the White House, Capitol Hill, the Department of State, and the Pentagon by surprise.

Considering that we are lagging behind in using and taking advantage adequately of the reverted areas, we could

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presume that the aforementioned U.S. initiative would be reportedly welcomed among us. It is necessary, however, that we serenely wait for the United States to make an official move by presenting its proposals with clarity and precision. Only then would we know that could be negotiated and be able to make well-grounded decisions in this regard.

It would not be very wise to reject this ahead of time and it would not be advisable to appear excessively anxious to accept anything. To negotiate is something else.

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Argentina

Labor Minister Comments on Unemployment

95SM0394A Buenos Aires (INTERNET) ARGENTINA GOPHER in Spanish 20 Jun 95

[Interview with Labor Minister Armando Caro Figueroa by Martin Dinatale and Luis Lauge of EL CRONISTA COMERCIAL; place and date not given]

[FBIS Translated Text] Speaking in his dual capacity as Argentina's minister of labor and a national deputy from Salta, Armando Caro Figueroa said that Justicialism needs a serious internal debate on unemployment, acknowledged that in the government party there are different views on how to combat unemployment, and also maintained that "labor reform in itself will not generate jobs." Following is a summary of Caro Figueroa's conversation with EL CRONISTA at his ministry office.

[CRONISTA] Mr. Minister, what is going to happen after Congress has finished passing the rest of the labor reform laws and the unemployment index continues to mount?

[Caro Figueroa] We all know labor reform is important, but in itself it does not create jobs. Passage of the workplace accidents bill will not create 100,000 new jobs. What this law does is to help protect jobs, reduce costs, and increase productivity, but that is all. So to round out a jobs policy, other measures need to be implemented.

[CRONISTA] What sort of measures do you mean?

[Caro Figueroa] We will have to talk about how the nation-provinces relationship, federalism, education, and credit policy influence employment.

[CRONISTA] Do you think this will lead to a debate inside Peronism?

[Caro Figueroa] Unemployment must concern all of us. A country with an unemployment rate of 12.2 percent is a country with serious problems. We can not have 1,300,000 people unemployed for a long time. We all have an obligation to discuss the problem.

[CRONISTA] But there seem to be different views in the PJ [Justicialist Party] about the way to solve the unemployment problem. For example, Jorge Matzkin talks about a new exports tariff policy.

[Caro Figueroa] All of Matzkin's ideas are viable and deserve consideration. There is a long list of proposals for generating jobs; it is very extensive and it is important for these ideas to be discussed. Everything relates to jobs: economic, tariff, and industrial policy, provincial policies, the electricity rates the provinces charge, municipal tax rates. It is good for us to realize that everything, not just labor reform, is related to employment. There is certainly going to be a serious debate in Peronism.

[CRONISTA] Do you not think this debate in the PJ may be dangerous, considering the turbulent Executive-Congress relationship?

[Caro Figueroa] If there is disharmony between the Executive and the PJ bloc of deputies nothing is going to work. We have to make an effort to move closer together. I believe Peronism is a democratic and pluralist party. At times it takes hard work to reach consensus, but in the end decisions get made. The debate is already underway, and it may well be more intense than the labor reform debate. There must be cooperation between the Executive and Congress. I am not saying co-government, but cooperation.

[CRONISTA] Do you believe it is possible to wipe out unemployment in two years as the president says?

[Caro Figueroa] I think it is legitimate for the president to set objectives. Every chief of state does that, and I believe that objective is perfectly feasible. The Argentine economy has the capacity to generate 330,000 jobs if it grows at least 4 percent a year. The fundamental idea is to strengthen economic policy, which must deal with some unresolved issues, as was done with stability.

[CRONISTA] And how can that be done?

[Caro Figueroa] The challenge is great; in essence, people need to be trained, surcharges reduced, especially the tax on labor, and social benefits trimmed. The government needs to use all the instruments in its power to produce labor laws that will reduce unemployment.

Business Backing for Cavallo Seen

95SM0398A Buenos Aires CLARIN in Spanish 16 Jun 95 pp 12-13

[Article by Marcelo Bonelli]

[FBIS Translated Text] The power struggle which has shaken the government, with Minister Domingo Cavallo on one side of the dispute, has triggered unconcealable alarm in the business community.

This is not a matter of guessing whether Cavallo emerged a victor, if there was a tie, or if he lost, as if this were a sports contest. Although some businessmen used sports terminology, what really concerns them is the strength the minister will have for coping with an economic situation which is far from good.

"A strong Cavallo with solid political support is needed," say the businessmen. The minister has to

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deal with serious fiscal problems that may require new adjustment measures. He also faces troubles with production, and the pending financial system restructuring.

In a number of meetings behind closed doors Cavallo's closest advisers evaluated the controversy's outcome. They did not come to any clear conclusion, but only agreed that they had to see "how this film turns out."

One fact confirmed the diagnosis. After causing an earthquake on the patents issue, Cavallo decided to remain outside the final decision on the issue. "If a counterproductive law comes out, I will not be stuck with the costs," the minister is said to have muttered in one of the private meetings with his staff.

Business Community in Action

The businessmen acted quickly. They knew something more than patents was at stake here. Some managed to sound out Roberto Alemann, one of the men on Cavallo's list when, in the days of tension, he recommended replacements. "I am not the right person to be a minister. I recommend that Cavallo remain," Alemann told the businessmen.

There was a meeting of the Group of Eight, which is composed of Argentina's largest business federations. It was convened urgently to send a clear message to the other strata of power: the message was one of support for the minister and the economic model. Behind closed doors, nobody concealed their concern about the power struggle and the way in which it might affect their leader.

Was it pure coincidence that on the same day as the Group of Eight meeting foreign bankers came out with a public statement of support for the minister? Cavallo met, as a matter of form, with the ABRA [Argentine Banking Association] leaders who had come to invite him to the group's annual meeting. But the meeting lasted 40 minutes.

Two days later another clear signal emerged from the business community.

"I want to pay tribute to Minister Cavallo for his great work and his conviction in producing a formidable turnaround in the Argentine economy," said the influential Javier Tizado, the head of the CIS [Center for Iron and Steel Industrialists]. At the last minute he departed from his prepared speech at the reception marking 50 years of the CIS. The entire business community applauded in support of that phrase, including business "gurus" Roberto Rocca and Arturo Acevedo, the bosses of Techint [expansion not given] and Acindar [Argentine Steel Industry, Inc.].

They wanted to confirm something that is clear in the markets: the business heavyweights want Cavallo to stay as head of the Finance Ministry.

Even so, things were not completely rosy for the minister. A few hours earlier he made a harsh assessment in a quiet meeting of the economic team. For Cavallo, Brazil's decision to protect its automobile markets was a stunning blow for the convertibility plan. Now there will be a 30-day negotiating period, and as of last night the minister was to lead the delegation going to Sao Paulo on Monday.

Not only because less will be exported, hurting the balance of trade, the plan's only positive indicator in recent months. There is another and more vital reason which the minister himself acknowledged in private: if Brazil proceeds with its decision, that drives us out of an investment market. Automotive investors are going to prefer Brazil. So we are going to be tough on this.

Cavallo and his secretaries analyzed various possible options. There was an initial idea of seeking support from the United States to persuade Henrique Cardoso's government to change this plan.

But that proposal was not adopted. It was Horacio Liendo who added a note of realism, saying: "The ideal would be to find a big partner to put pressure on Brazil. But what do we have to offer Washington, after the Patents Law that Parliament approved?

In the Industrial Union there is a great deal of pessimism about what has happened. Some leaders are very unhappy with the middle-level officials who, in their view, erred in the Mercosur negotiation.

"If only we had acted like that," said Blanco Villegas.

And he was right. If Argentina had avoided import abuse in the last three years, something different would be happening today: the unemployment index would not be climbing to the record high of 14.2 percent, as the first final numbers of the INDEC [National Institute of Statistics and Census] are saying.

Views of Economists Published

95SM0399A Buenos Aires CLARIN in Spanish 12 Jun 95 pp 14-15

[Article by Luis Varela: "The Argentine Economy in the Second Half of the Year"]

[FBIS Translated Text] *CLARIN asked nine economists to analyze what may happen to the economy in the second half of this year. They express their views on recession, unemployment, meeting the IMF goals, and other factors that may affect Argentina. They predict*

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zero growth in the GDP [Gross Domestic Product] and expect unemployment to reach 14 percent of the active population.

With privatizations everywhere, Argentina with convertibility had uninterrupted growth for somewhat over three years. But once the sales of government-owned companies was over—without the total foreign debt having declined by one centavo—the dollar-peso exchange rate and stability began to have difficulties. Almost as if by magic, in a few short months from a healthy Argentina it became a country with a very complicated economic situation.

In the midst of the election campaign, the government was able to slow down the decline—worsened by the effect of the Mexican crisis—through a support program (and new debt) of over $7 billion. But after the election results had been determined and the power struggle in the cabinet heated up again, the government had no other remedy but to begin to do what it had to do: collect more and spend less. But the issue grew complicated: the credibility of the economic plan's continuity and consistency began to falter. So sales and tax revenues declined, and it was clear that the financial problem has not been resolved. A number of indicators again show warning signs: stocks are falling, bonds are losing ground, and the return of bank deposits has not been very consistent.

What is happening? There are difficult hurdles to cross during the second half of 1995.

- Between July and December Argentina has to pay $4.939 million of its debt (both foreign and domestic).

%Privatization revenues are calculated at approximately $2 billion. But the latest sales fell through because international money is now scarce. %From January to May the state collected average tax revenues of about $3.5 billion a month. To meet the debt payments due in the second half of the year, the government would need to take in extra monthly revenues of $1.2 billion: 34 percent more than in the first half.

Last September Cavallo said that in 1995 Argentina's growth would be 6 percent. After "Mexico," he lowered that goal to 4.5 percent. Then he talked about 3 percent. He immediately let slip the word "recession," amending it to "slowdown in growth."

CLARIN has surveyed leading economic analysts to learn what the prospects are for the second half of 1995.

One way or another they all agree that bank deposits will be the key for emerging from this "recessionary momentum." If the internal battles in the government end, they believe the recovery will be very slow and that the GDP in 1995 will grow little or not at all. Nor do they see good signals in employment: almost in unison they predict 14 percent unemployment. They see a favorable international panorama, though they warn that we need to follow the situation in Brazil very closely. "We are Brazil-dependent: if Brazil falls we will lose our only milk cow."

Key Will Be Return of Deposits

Roberto Alemann

(Former minister of economy). The recession is limited to consumer goods which depend on credit. This is caused by the decline in bank deposits, which fell $8 billion in five months. There was not and is not now a recession in exports or construction (although construction does show some slippage) or in tourism, and still less in high-risk investments. We will have to wait for deposits to return. Already over $2 billion has come back, and money continues to flow in. If these funds do return, credit will be restored and business activity will return to its former rate. And I want to suggest some food for thought: all the people who withdrew their money and sent it abroad should think about the consequences of their actions, about what those actions have done to the Argentine economy.

Ricardo Lopez Murphy

(Radical economist). This is going to be a long and complex process, which will depend a great deal on the restoration of organization and structure in the government, which has been weak since the elections. The government is in a state of ongoing conflict. If that is resolved and if external circumstances are favorable, we will be able to comply with the agreement with the [International Monetary] Fund. That is the only way for confidence to be restored. The external adjustments and consumer spending adjustment have already been made. What we need now are savings, and that basically requires confidence. To determine if confidence is being restored, there is one key index: the growth of bank deposits.

Enrique Folcini

(Former president of BCRA [Central Bank of the Argentine Republic] and private representative in the Fiduciary Fund). The downturn in sales happened because of a massive withdrawal of bank deposits. It is reasonable to expect a rapid recovery, even though there are two obstacles we can not underestimate. Foreign capital, which stopped because of Mexico, may again be complicated by the debates on the patents law. And the

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optimistic predictions before the election have become a problem in the Justicialist Party.

Mario Vicens

(Macroeconomy). Never before has the level of business activity depended so much on expectations. The recovery of demand depends decisively on depositors maintaining their confidence and allowing credit to be restored. But the government must end its internal political battles, take corrective action, and make it clear how it will resolve the problems of its low tax collections.

Carlos Perez

(Quilmes Bank). 1995 is going to have zero growth or growth of barely 0.5 percent. There is a contraction in sectors like consumption, which plays a major role in the GDP and depends a great deal on the influx of capital. The motor driving economic growth is shifting from consumption (down 4 percent) to investments (up 8 percent) and exports (up 27 percent), which play a lesser role in the GDP, but they do permit economic growth that is sustainable over time. There are doubts about meeting the IMF goals, and the possibility of some renegotiation is being suggested.

Mercedes Marco del Pont

(FIDE) [Research and Development Foundation]. Everything is affected by the adjustments for the IMF commitments. Lack of liquidity will be the predominant tendency. The government will increase its debt and tax pressures will rise. Recessionary tendencies will grow stronger and it is feasible to expect zero or negative growth, high unemployment, and falling salaries.

Abel Viglione

(FIEL) [Latin American Economic Research Foundation]. In 1995 consumption will decline, imports will remain stable, investment will increase (although less than in 1994), and there will be a strong export surge. The areas most hurt will be related to the domestic market, particularly the ones most dependent on final consumer credit (household appliances, cars, and retail sales). If the decline in salaries persists, there will also be a downturn in food and beverage consumption. Only producers of intermediate goods will show increases (polymers, steel, petrochemicals, etc.), because of good export prospects.

Miguel Sinigaglia

(Consultant). The business recovery will be gradual and associated with a slow processs of remonetization and confidence. That will continue to be held back by a bank sector with problems, which the Central Bank tends to resolve very slowly.

Ruben Vales

(IAEF) [expansion not given]. Business activity may improve if the chain of payments is restored relatively rapidly. The normalization of the financial system and the return of bank deposits is essential.

Unemployment Heading Toward 14 Percent

Roberto Alemann

With a recessionary trend in industrial and service activities, which employ a lot of people, it is reasonable to think that unemployment will be increasing. There have been cuts in overtime, personnel suspensions and even layoffs. Until activity picks up again, employment is not going to improve.

Ricardo Lopez Murphy

If unemployment increased sharply with economic growth, now the problems should be even worse. Labor reform is more urgent than ever. Unemployment is going to hurt the entire country. The crisis is going to be felt more in services, while industry and agriculture will be in better shape. The latter areas had been more troubled until now.

Enrique Folcini

I am not optimistic about unemployment trends because reform in the provinces is urgently needed, and private business activity will not provide an increased demand for labor. The rate is going to stay, as a minimum, at its present level.

Mario Vicens

Two causes made unemployment rise until 1994: the government restructuring and a larger labor supply caused by immigration. That increase is now being worsened by the business downturn. Unemployment will probably continue to grow. There are not enough labor retraining programs to ease the process.

Carlos Perez

To improve unemployment we need active retraining programs for the labor force and legislation to promote flexibility. These two issues have begun to be dealt with, but the results will only be seen slowly. There will be a difficult transition with an unemployment rate close to 14 percent.

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Mercedes Marco del Pont

The present critical phase is leading to new levels of unemployment. This trend may accelerate if the government allows 70,000 employees in the provinces to be laid off. They will be added to the numbers of people driven out by industry and by the financial system, which are in an ongoing process of concentration.

Abel Viglione

The two 1995 measurements (May and October) will clearly be above the 1994 measurements. The unemployment rate in May will be a record of 14 percent. And in October it will probably not be below that.

Miguel Sinigaglia

Unemployment will continue growing because of a decline in business activity, because of businesses' needs to reduce costs, and because of the stronger relative cost of labor in comparison with technological capital.

Ruben Vales

May's unemployment rate was higher than in May 1994. The concentration of aggregate demand toward exports and reduced domestic demand for services will worsen the employment problem. Dealing with the unresolved issues of labor legislation and business payments, and offsetting the loss of expected tax revenues with reduced public spending are factors that will help more effectively to at least restrain the unemployment rate.

Too Dependent on Brazil

Roberto Alemann. "International interest rates are down, so we can expect no increase in the cost of Argentina's debt. Nor is Brazil a risk: stabilization is underway. Cardoso has dealt with the oil strike."

Ricardo Lopez Murphy

"The forecast for Latin America is favorable, but I would rather not make a prediction about Brazil. There will probably not be a violent upheaval. If that happened, it would be very bad news.

Enrique Folcini

"The Brazil issue is disturbing, both because of its protectionist tendency and because of its unhealthy rejection of an anti-inflation shock treatment. The lobbyists are again pressing for additional devaluations."

Mario Vicens

"The international situation Argentina faces is tending to improve: the prices of products we export are up and the interest rate on what we owe is falling."

Carlos Perez

"In the United States conditions are working in our favor because interest rates are going down and that should help emerging markets, like the Argentine market. We do need to watch Brazil very closely, though. We are too 'Brazil-dependent,' and if Brazil becomes more unstable, our exports would fall."

Mercedes Marco del Pont

"Argentina may with some difficulty obtain more financing than what was agreed with the IMF. My only concern is related to Brazil taking action to protect its domestic market and reduce its trade deficit."

Abel Viglione

"The rising cycle of international commodity prices—which has helped us recently—may start to move downward. Demand for Argentine products from Brazil may reach a ceiling."

Miguel Sinigaglia

"The international context is helpful. The United States and Brazil are compensating for Argentina's lower growth."

Ruben Vales

"We need to 'monitor' Brazil, since a depreciation of its currency could make Argentine products more expensive in that market and further complicate our level of business activity."

Optimistic Economic Outlook by Juan Alemann

95SM0380A Buenos Aires LA PRENSA in Spanish 4 Jun 95 p 2

[Interview with economist Juan Alemann by D.D.: "Recession Will Be Over Before the End of the Year"; date, place not given]

[FBIS Translated Text] *Economist Juan Alemann says that investors who sent their money abroad are waiting for these investments to mature to bring them back to Argentina. He predicted that even more capital will come in than left. In this LA PRENSA interview he said that the strong contraction in business activity was predictable, and he forecast that sales will pick up before the end of the year.*

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[LA PRENSA] Was not the slump in business activity that is hurting the economy right now somewhat unexpected?

[Alemann] It was predictable. The recession was very strong right before the elections. There was a sharp decline in sales caused by the lack of credit. But only now is that sales downturn being manifested in its full splendor.

[LA PRENSA] But many people were convinced the recovery would come by 15 May.

[Alemann] People did not calculate recession dynamics well. In the first half of the year everything was going well, but between March and May there was a total recession. There were many unknowns that led to the contraction. At first there was a fear of devaluation because of the effects of the Mexican crisis. Afterwards came election fears, and later appeared the fear that President Menem might totally change his policy. But that did not happen, and Menem has not changed anything.

[LA PRENSA] How long do you think the recession will last?

[Alemann] Before the end of the year, the problem will have been overcome. It depends to a great extent on deposits coming back to the financial system. In recent days the first $1 billion has come back. This money was kept in reserve accounts, which are highly liquid accounts and assets. The rest of the $8 billion that left Argentina during the crisis of confidence in the [southern hemisphere] summer because of the Mexican crisis is primarily abroad. It will come back a little later, as that money is invested in time deposits, and its return depends on maturity dates. It is going to start coming soon, but I believe that later a lot of money will come back all at once.

[LA PRENSA] You sound very optimistic.

[Alemann] There will be a moment when there will be a "click," and after that point much more money will come in than the $7 billion that is still invested abroad. There are funds that handle great amounts of money, and if each of them brings in a minute part of those funds, it will add up to a lot of money. Investors will see that the "fundamentals" of the Argentine economy are intact, that Argentina is continuing to invest, that the foundations have been laid so it can continue growing, and that will produce a sort of subjective "contagion" among those investors. They will want to bet their money on Argentina.

[LA PRENSA] We did hear some very alarming indications last week, though. Did not the real failure of the foreign car importers auction surprise you a little? While in past auctions demand exceeded the number of cars available by several times, this time it was the supply that greatly outstripped demand. Is this not a signal that the crisis has reached the highest social levels?

[Alemann] Not at all. This is a market of a few people with a lot of money and it was saturated. In recent years those people had traded in their cars for brand new imports. In many cases these are very good cars. They do not break down, and not everyone is going to trade them in every year. The domestic auto market has also shown a certain saturation. It rose from 100,000 to 500,000 cars, and that rate of sales lasted for a fair amount of time.

I do not think the problems of the automotive market are a clear indicator of recession. I think we have to look at electricity consumption. Until February the government published these statistics openly, because consumption was growing. But since then, we have had to go looking for these statistics, because consumption has been declining. That does signal an industrial downturn.

[LA PRENSA] Do not tax revenues concern you, which are down and are insufficient to cover the commitments made to the International Monetary Fund?

[Alemann] Yes, that is disturbing, but in May tax revenues declined less than in April because of the three-point increase in the VAT [Value Added Tax]. That problem will be resolved in a few months with rising business activity and the return of credit to the financial system.

[LA PRENSA] If capital is coming back, why is credit not recovering?

[Alemann] The banks are very selective. They are careful to check out their borrowers, which is reasonable in a private system.

[LA PRENSA] But is it not precisely the fact that there were a lot of banks working with Pymes [Small and Medium-Sized Enterprises] which are now experiencing liquidity problems that is creating a problem for the entire economy?

[Alemann] The bank crisis will be over in no more than two months. In the end, only a handful of banks closed. That is not significant for the financial system because of the small proportion of their deposits. But financing for Pymes also depends on these banks. The government has set up a system of Risk Guarantee Companies, which are consortia that help to dilute the risk which these companies pose to the banks, but the formation of these associations is still proceeding very slowly.

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Voter Poll Reflects Views on Economy

95SM0398B Buenos Aires CLARIN in Spanish
18 Jun 95 p 7

[FBIS Translated Text] Unemployment and declining wages are now of concern to 61 percent of those who voted to reelect Carlos Menem on 14 May, according to a survey conducted in the capital and Greater Buenos Aires by the firm of Graciela Romer and Associates.

The Romer poll of 510 respondents says that 58 percent of that population considers unemployment the fundamental problem that needs to be solved. In the metropolitan area, 35 percent of the people say they feel affected by unemployment.

Unemployment is also generating job insecurity: half the middle class people sampled are afraid of losing their present job. Among lower-income people, fears of job instability climb to 57 percent.

Concerns about unemployment and declining salaries are greater among Menem's voters: 61 percent who supported his reelection share those fears with 41 percent of the people who supported Frepaso [Country and Solidarity Front], and 38 percent of those who voted for the radical ticket.

Performance Approved

However, the performance of President Carlos Menem's administration received a 49 percent approval rating in the Federal Capital and in Greater Buenos Aires. The disapproval rating was 46 percent, and 6 percent of those surveyed had no opinion.

The poll, conducted between 10 and 12 June, says that opinions on the general course of the economy do not differ by a great percentage: 46 percent say it is the right approach, and 41 percent say it is wrong.

Supporters of the economic plan were primarily PJ [Justicialist Party] voters in the 14 May presidential elections.

On the other hand, 71 percent of those who voted for Jose Bordon and 63 percent of Horacio Massaccesi's voters disagree with the course of the economy. In terms of social sectors, it is the middle class that is most displeased: 52 percent had a negative opinion and 38 percent a positive opinion. Approval levels for the economic plan, though, decline when specific questions are asked about the economy. Now, with the recession doing its part, the approval rating was 35 percent and the disapproval rating, 29 percent.

Post-Election Chamber of Deputies Viewed

95SM0383A Buenos Aires LA PRENSA in Spanish
5 Jun 95 pp 4-5

[Article by Sergio Crivelli]

[FBIS Translated Text] *After 10 December Justicialism will be a majority in the Lower Chamber, but that does not mean the government's problems with Congress will be over. The PJ [Justicialist Party] bloc is still quite heterogeneous. The UCR [Radical Civic Union] will no longer control quorums, and in Frepaso [Country and Solidarity Front] the dispute between Chacho's people* and *Bordon supporters* will work against party unity.

Division by Seats

PJ	132
UCR	69
Frepaso	27
Other	29
Total	257 seats

Loss of Power in the Radical Bench

"The major difference between the bloc prior to 10 December and afterwards is that we are not going to have those lengthy discussions about whether we will allow the Justicialists a quorum to begin the session. We have lost seats, but at least we have gotten rid of a problem along with those seats." This bitter comment from a radical deputy who is normally critical of his party leadership reflects the UCR bloc's loss of power in the coming Chamber of Deputies.

The radicals have gone from 83 to 69 deputies, and their presence will no longer be essential for the Lower Chamber to function. This will spare them major damage in public opinion because of their use of the resource of denying a quorum whenever they opposed a government bill.

UCR Bloc

Angeloz Group	5
De La Rua Group	4
Storani Group	10

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Angeloz Group	5
Alfonsin Group	31
Other	19
Total	69 deputies

But at the same time, the loss of parliamentary representation eliminates them from the only arena of power where they still retained some ability to maneuver.

What will the radical deputies do after 10 December? Certainly get their party back in order, although the self-criticism will be quite moderate, as is typical of the party, because the majority of the new UCR deputies belong to the Alfonsin wing of the party. This ensures that controversy will be moderated, and the bloc will not adopt strategies that would lead to a split with the party's National Committee.

It seems more complicated to predict who the new president of the bloc will be, since the current president, Raul Galvan, is leaving his seat at the end of the year. It was expected that the return of Raul Baglini would resolve that issue, but the former legislator was left out when his party did very badly in the 14 May election.

So the election of the party's new president could trigger an internal power struggle that may reproduce the one that still exists within the party, although it seems likely that the Alfonsin people will be able to dominate the party.

Difficult Consensus Within the PJ

Last Wednesday Carlos *Chacho* Alvarez and Alberto Pierri met in the antechamber after the proclamation of the Menem-Ruckauf victory by the two Chambers of Congress. They greeted each other effusively, but that did not stop *Chacho* from victimizing *Muneco* with this cruel barb: "You do not look very happy, Alberto, when Menem's reelection is being proclaimed!"

The thrust hit Pierri deeply, but he was careful not to say what he was thinking because journalists were nearby. He simply turned around to face the television cameras and gave them what they were waiting for, a recitation of the well known script on the third presidential election since 1983 and the strengthening of democracy.

This anecdote reveals a fact that the cameras and tape recorders usually do not pick up: the multiple hues of Menem's party in the Chamber of Deputies and the heterogeneous nature of a bloc that is very large, but which has an unequal composition. So even though the PJ will have 132 legislators of its own—two more than a quorum—after 10 December, there is no certainty that the Lower Chamber will from that moment on march to the tune of Carlos Menem's desires.

Several things support this diagnosis: not only the atmosphere that is perceived through daily contact with the deputies, but an analysis of the composition of the PJ bloc, in which the dominant note is the variety of political factions, and the fact that "verticalist" Menemism represents just one—not the only one and not the dominant one—of the internal party sectors.

Justicialist Bloc

Union Minibloc	9
Cavallo Group	5
Buenos Aires "System"	4
Pure Menemists and Other Sectors	83
Duhalde Sector	31
Total	132 deputies

Since 14 May much emphasis has been placed on the fact that the president will control the three state powers. But politics operates with mechanisms which arithmetic does not comprehend, and in Parliament laws get passed by bringing different interests together. So if a bill does not arouse the interest of all the party's sectors, the quorum problems will inevitably recur.

Duhalde's Men

The largest group in the PJ bloc is the one that follows Eduardo Duhalde politically. The Buenos Aires governor has 31 of his own legislators. This is a force that is inferior only to the radicals, and it has more weight inside the Chamber than the Frepaso bloc.

Bills which Duhalde does not like may **with difficulty** pass through the filter of the Chamber of Deputies, for without his support the PJ bloc will be reduced to a little more than 100 seats. Among the bills which will be given rigorous scrutiny by the governor is the bill on autonomy for the city of Buenos Aires, a key component of the negotiations between Menemists and Alfonsinists from the Olivos Pact until the present.

Another "interest group" in the government party is the union minibloc. This group supports the interests of the CGT [General Confederation of Labor], and it has been declining in numbers since 1983. From its

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about 30 union-deputies who came to Congress that year, it will be down to nine who will remain after 10 December. The number is important, though, when it is time to reach the magic number of 130 seats occupied to provide a quorum to begin a session.

Cavallo Strengthened

One sector which has definitely grown stronger is that of the people allied with Minister Domingo Cavallo. He will have five deputies: J. Pezoa, Edmundo Soria, M. Ballestrini, E. Mondino, and Juan Schiaretti. Also important is the Federal Capital's "political system" representation—former Grosso supporters—which has four legislators.

What is left for Menemism? The heterogeneous nature of the PJ bloc is caused precisely by the fact that it is a minority faction in the major election districts. There are unconditional Menemists in Buenos Aires, like Cesar Arias; in the Federal Capital, Erman Gonzalez; or in Cordoba, Leonor Alarcia, but they are an exception. The bulk of the candidates whe are elected belong to other internal party factions. In San Luis they are "Rodriguez people," in Entre Rios, "Bustistas," etc.

This causes all the hard work and suffering that Jorge Matzkin has to go through every time he has to line up his troops for a decisive parliamentary battle, and nothing indicates that is going to change significantly in the new Chamber of Deputies.

Frepaso and Its Problems

With 27 deputies, after 10 December Frepaso will become the third largest group in the Lower Chamber, but so far efforts to form a single bloc have not prospered. The reason for this difficulty is simple, despite the explanations given by people involved in the problem.

Frepaso Bloc

UCR	1
Christian Democracy	1
Socialism	3
Intransigent Party	2
Grand Front	11
PAIS (Bordon)	9
Total	27 deputies

Carlos *Chacho* Alvarez has the most deputies, so if all of them act together, he would necessarily be the president of the bloc. But Jose Octavio Bordon, the other major partner in Frepaso, believes that if *Chacho* has that political starring role, he [Bordon] is due no less than the presidency of a unified party.

The Real Opposition

As a consequence of this struggle, Frepaso has neither a party nor a single bloc, nor is it known how long this situation will last. It can be suggested, though, that the Frepaso deputies will provide the real opposition to Menemism if the radicals do not change their strategy. The new composition of the Frepaso sector also promises a more elaborate political approach, since joining the Chamber will be specialists in union issues (Mary Sanchez), in foreign policy (Juan Carlos Olima), and even some small businessmen.

The division of labor will therefore help to ease the burden of the few legislators who represented the Grand Front, who waged a very unequal battle against Menemism in the last two years. The big unknown, though, is less parliamentary than political, and it consists of determining how a bloc that is as disparate as it is combative will be run. Those in the know expect that the big clash in the sector will take place between *Chacho* Alvarez and the Bordonist Juan Gonzalez Gaviola.

Bolivia

Popular Participation Official Explains OTB's

95SM0393B La Paz PRESENCIA in Spanish 4 Jun 95 p 2

[Commentary by Luis F. Ramirez Velarde, under secretary of the Popular Participation National Secretariat]

[FBIS Translated Text] In a world of abbreviations the letters "OTB" [Grassroots Organizations] have created tremendous confusion. Giving a name to all of the base organizations which had previously existed was believed to be a good idea. Now, with the enactment of the Law on Popular Participation, these OTB's have been recognized as having legal identities and the right to participate in setting priorities for projects for their communities and for municipal planning. Under the law the OTB's are nothing other than farmer communities, groups of indigenous peoples, and neighborhood associations. In other words these are base organizations which represent all of the people in a given area. According to the regulations on groups involved in the popular participation program, these include farmer associations, "ayllus" [agricultural communities], open meet-

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ings of town councils or captaincies, and neighborhood committees.

Not all of these explanations were valid, nor was it true to say that territorial base organizations have neither been established or set up but rather have been recognized. Those which already existed throughout our country are recognized as existing, with all of their practices and customs. Poorly informed people, other people with bad intentions, and politicians of the government and of the opposition have abused the name of "OTB." By abusing this abbreviation they sought to make use of it for their own interests. They began to set up "OTB's" of their own kind and parallel organizations as well, ignoring those which already existed. Existing organizations were not recognized as coming under this term. Members of these groups protested that the law ignored them. Some government authorities did not wish to recognize trade unions unless they were called "OTB's."

The Bolivian Government signed an agreement with the COB [Bolivian Labor Federation], the CSUTCB [General Trade Union Confederation of Peasant Workers of Bolivia], the CSCB [Trade Union Confederation of Bolivian Settlers], and the FNMCB [National Federation of Bolivian Farm Women]—to continue to use this world of abbreviations. Under this agreement, among other matters, it was agreed to stop using the term "OTB" but rather to use names proper to "communities or groups of indigenous peoples, farm communities, and neighborhood committees" to refer to persons involved in the popular participation program. Words by themselves are not so important. More important is the real participation of these communities. The special characteristic of Bolivia is that it is not necessary to establish new, people's organizations to achieve the participation of the people. Organizations have always existed, even before Bolivia itself existed.

In one way or another people have gone on confusing and manipulating the term. This week news stories have been reported under big headlines: "Farmers Reject Establishment of OTB's"; "FEJUVE [Federation of Neighborhood Committees] Comments on Establishment of OTB's"; or "Neighborhood Committees Ask for Cancellation of OTB's." In reality what this means is that they rejected the term "OTB," because both farmers as well as local residents, through their national organizations, have reiterated their opposition to this term, which has been misused. However, they do not reject popular participation as such. The National Secretariat of Popular Participation has held several meetings with these groups and committees. It is scheduling a series of activities to deepen the meaning of the popular participation program.

Popular participation is now working, and people's organizations are taking charge of it. This means nothing less than that there are more than 8,000 applications for registration as communal and neighborhood organizations. The majority of these applications come from farmer associations in particular. Already more than half of the farmers' associations in Bolivia have begun this process of registration.

It may cost us a little more ink, but when we talk about the subjects of popular participation, let us always say, "farmer communities, indigenous communities or peoples, or neighborhood associations." Let us leave this term "OTB" to history.

Brazil

Covas Comments on State Debt, Reforms

95SM0387A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jun 95 p A16

[Article including interview with Sao Paulo Governor Mario Covas by Sonia Racy; place and date not given]

[FBIS Translated Text] Governor Mario Covas has changed his tactics regarding renegotiation of Sao Paulo's debt to Banespa [Sao Paulo State Bank], a situation now being resolved with the Central Bank (BC). He took out of his vest pocket a Cartesian demand. In an interview with O ESTADO DE SAO PAULO, he argued that the Fernando Henrique Cardoso administration has an obligation to help the state renegotiate its debt to the bank. He recalled that Brazil was forced to roll over its international debt, much of which was held by that same state bank, the country's third largest creditor. He believes it was Banespa, along with Banco do Brasil, that put the Federal Government in a position to be able to renegotiate the foreign debt. Now, he wants reciprocity.

"I don't think it would be unfair for Banespa's majority stockholder to hold negotiations with the bank, at least something similar to what the country itself did with the institution." Covas denied any accusation that he is holding up negotiations with the BC on privatizing Banespa by rejecting the formula that would remove the bank from state control. "In the first place, the BC does not need to negotiate," he argued. "The same law that allowed it to take temporary control of the bank's management also gives it the credentials to reach some independent solution." He continued: "The BC could even sell the bank, expropriate the shares.... Now, if we're going to negotiate, let's negotiate!"

Manager of a debt now totaling almost 50 billion reais [R], Mario Covas has to pay R12 billion to Banespa.

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He advocated the sale of the bank's common stock, provided Sao Paulo keeps 51 percent, and control. In a second stage, after the bank's house has been put in order, he promises to study the possibility of privatization.

[Racy] How has the Fernando Henrique government been treating the Mario Covas government?

[Covas] The Federal Government is dealing with its problems. The state government, on the other hand, has its own set of problems, and they are enormous—as big or bigger than those of the Federal Government. On some occasions—and I have complained about this—I think Sao Paulo's interests can be accommodated—for example, in the matter of the guarantee on the Japanese loan for the Tiete River cleanup. Actually, the guarantee could have been given immediately, especially because the "exceptional" classification could have been given; it had even been authorized by the previous administration. But the government did not circumvent the law, and the state satisfied its debt as it came due. There are some ad hoc disagreements, but I am still on good terms with the president of the Republic; we have political ideas that are absolutely identical. As for the rest, some divergences and differences might arise here and there, but they are always limited to the bureaucratic areas of the two governments.

[Racy] Which are there more of—differences, or points of agreement?

[Covas] Points of agreement are all there are. Whenever some difference of opinion crops up, we will try for a dialogue. Now, every time Sao Paulo's interests are at stake and the paulistas' position would not harm the country, then I certainly make demands. I am somewhat shy about asking the president to intervene. I don't think I should bother him with problems that can be solved in some other way. Nor do I think the government of Sao Paulo can solve its problems only by appealing for federal help, for paternalistic assistance.

[Racy] What does Governor Mario Covas think of Mario Covas, the administrator?

[Covas] This state is in an enviable position—as it has been in other eras, of course. Since I got here, I have been visited by investors who represent a potential flow of at least $4-5 billion into this state during the next four years. What's wrong with this picture? It's the public finances. They're a mess.

[Racy] Were you expecting such a difficult situation?

[Covas] We knew about much of the debt; what I did not expect was to find a completely distorted budget for 1995. For example, it was forecast that we would spend R6-7 billion on personnel, but we are going to spend at least R10 billion. Then there is a debt, classified as being in arrears, that I didn't expect to find. In other words, there are unpaid bills with due dates going as far back as 1989; these, as of 31 December, added up to R4 billion.

[Racy] Has your administration made those payments?

[Covas] Some of them. But not the payments to the contractors—R2.2 billion. Just the bills for operating expenses. But we had to sacrifice operating expenses this year. In other words, we simply changed the dates on the invoices, because we couldn't pay January and February. The amount of the debt is still the same, but my administration is current. The debt still dates back to earlier years.

[Racy] If the Federal Government had not intervened in Banespa, would you have acted more quickly to overhaul the bank?

[Covas] Banespa's big problem—although it still needs internal rehabilitation—is that the state owes it so much money. The solution to this debt necessarily involves the Central Bank. In other words, Banespa cannot tolerate having the state as its biggest debtor, owing about R12 billion. We have to renegotiate this debt. Incidentally, the Federal Government knows this problem well, because there was a time when Brazil was forced to do this with its international debt. A big part of this country's debt, at least a part of it, was owed to that same Banespa. At the time, Banespa enabled the Federal Government to renegotiate; in fact, it even reduced the size of the debt.

[Racy] And what about the time frame?

[Covas] It varied, because the Federal Government suggested several alternatives and each creditor chose the one it liked best. Banespa selected various alternatives. One of them involved a reduction in the debt, with a 30-year repayment period and interest rates ranging from 4 to 6 percent per annum. On the basis of this example, I don't think it would be unfair for Banespa's majority stockholder to hold negotiations with the bank, at least something similar to what the country itself did with the institution. Furthermore, I am aware that without such negotiations, any other discussions about the bank are pointless right now. To talk about privatizing the bank at this time would necessarily entail talking about the debt issue. If some buyer should appear, that buyer is going to say: "I'll buy it only if this debt problem is solved; I don't want to buy something whose biggest account receivable is a credit with the state of Sao Paulo." By the way, this debt accumulated over an eight-year period, during which the Central Bank stood by, watching, but

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took no action until the eve of my inauguration. We are trying to work out something with the BC that would enable the state to be present in Banespa alongside the employees and private enterprise.

[Racy] The impression people get is that by not accepting the BC's proposal under which the state would retain 49 percent of the common stock, the governor of Sao Paulo is obstructing the negotiations.

[Covas] In the first place, the BC does not need to negotiate. The same law that allowed it to take temporary control of the bank's management also gives it the credentials to reach some independent solution. The BC could even sell the bank, expropriate the shares.... Now, if we're going to negotiate, let's negotiate! Negotiating doesn't mean having one of the parties impose solutions and the other simply accept them. Negotiating means looking for a solution that serves the needs of all the parties. Especially because from the BC's side, the decision rests solely with the BC, while from the Sao Paulo side, that's not true: It involves the state executive and legislative branches, and the federal legislature. So the governor is not the only interlocutor. And my solution is a public one: Banespa has to be a Sao Paulo bank—and be more than Sao Paulo's government bank—and it must be immune to any political interference.

[Racy] But how could that be accomplished?

[Covas] There are dozens of ways—shareholder agreements, and structuring the Executive Board with mechanisms to prevent political interference, for example. Such mechanisms could ensure that the government will be able to carry out certain policies, provided there is money in the budget. That is reasonable. I think the government could be the biggest shareholder and still find ways to block negative political action on the bank, by professionalizing its leadership. Let's assume that I were to say: "You want to privatize now? Fine. Make your proposal." My consent would not end the matter. A series of steps have to be taken before privatization, and there is a whole list of institutions that need to take part in the decision. It is a known fact, for example, that the Legislative Assembly created a CPI [Congressional Investigation Committee], and the basic decision that came out of that CPI went against privatization. The basic question is how to negotiate the state's debt to Banespa, because any solution has to address that.

[Racy] There are reports that the BC and the state government have arrived at a common denominator with regards to negotiation of the debt. Is that true?

[Covas] They have not "arrived at" one, but a lot of progress has been made. I don't believe they are the best terms in the world, not even as good as what Brazil got from the state's bank, but I think the solution lies somewhere in that ballpark.

[Racy] Why does Sao Paulo need a state bank?

[Covas] It's not that it needs one. The same question could be applied to some other situation: Why does a country need a national bank? It needs one because it needs development. But Banco do Brasil (BB) is not only a development bank, it is a commercial bank as well. If you were to go to the end of the line in Brazil, to some sparsely populated place near the border, you would find that often the town's only financial link to the rest of the world is the Bank of Brazil. If the BB were not there, then there would be no one to finance agriculture, for example. The state bank is the only one that is ready to go to the end of the line. I don't want to see—and it won't happen in my administration—a repetition of what happened in the past: two transactions consummated in anticipation of revenues, right on the eve of the elections. Those two transactions alone, for $600 million, now account for 30 percent of the state's debt to Banespa.

[Racy] What do you think about the high-interest rate policy being followed in Brazil?

[Covas] Although the control—the monetary policy—has helped stabilize the currency, there is no reason under the present Real Plan circumstances to set interest rates like these. On the contrary, if with stable currency we are forced to pay interest of 4 percent a month—as much as 10 percent on private loans—then what would things be like under inflation?

[Racy] Do you think that is intentional?

[Covas] It is a path that could lead us to recession, even if that is not the intention. The objective is to curb consumption in an attempt to forestall price increases. This, incidentally, was the reason why imports were freed up, leading to huge losses for industries like footwear and textiles, for example, and causing repercussions for the trade balance. I am not opposed to foreign competition and I think it has to be done. But economic policy is made by adapting to circumstances and to variables. As I see it, we have extremely high interest rates.

[Racy] Do you feel responsible for Persio Arida's departure from the Central Bank?

[Covas] Responsible, no. Especially because he left at the least convenient time, when negotiations were well under way.

[Racy] To what do you attribute the misunderstanding?

[Covas] Persio spoke to me the day he left. He told me that "Everything we talked about concerning Banespa

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will be respected by my successor." He had the courtesy to do this to show that he did not think I had any hand in his departure. Relations between the BC president and the governor were cordial. We disagreed on several occasions, but disagreements in public life are not something you solve with insults, but with arguments, negotiations, discussions. At a certain point the interest rate, for example, was a topic the entire country was talking about. We had differing opinions about Banespa. I don't think a state needs to have a bank in order to survive. But the bank is good for carrying out certain policies, such as agricultural development. To say, as Arida did in Congress, that a state bank is like an abnormal growth—well, I don't agree. But between that and wanting him to resign....

[Racy] Are you for or against total deindexation of the economy?

[Covas] It can be deindexed, as far as I'm concerned.

[Racy] Completely?

[Covas] Perhaps a few sectors should not be. For example, in the labor-management relationship: Either we let it be handled between capital and labor, or else we will be handing down rules that will never satisfy both sides. In general, rules end up hurting the ones that make them. There have been no strikes where there is direct negotiation; decisions are made quickly.

[Racy] The State of Sao Paulo is defending itself against a lawsuit by the Government of Espiritu Santo State in the STF [Federal Supreme Court]. If Sao Paulo wins, will that end the fiscal war between the states?

[Covas] Court decisions alone would not do it. Surely the tax reform will establish mechanisms by which the fiscal war will cease to exist.

[Racy] What are the chances that the Congress will pass a tax-reform package that will have an effect on your administration?

[Covas] That's hard to say. One of the ways to reach a consensus is to defer the results to another period of government. Some things in the tax reform, however, will produce immediate effects. State reform will be the bottleneck, the most complicated part of the revision. Another stumbling block will be the administrative reform of the State.

[Racy] And what about Social Security?

[Covas] Social Security reform will be brought about with certain criteria and by maintaining certain vested rights, but it will be worked out. Tax reform is the real problem because it is the politics of politics—it's how you slice the pie. The Federal Government, states, and municipalities want the reform to improve their positions with respect to government revenues; the taxpayers are thinking of something that would allow them to pay less tax. In reality, we have to preserve certain principles: (1) make it easier for the taxpayers who want to pay to pay, by keeping them from being trampled by a complicated set of laws and dozens of levies and assessments; (2) the reform should equip the government to prevent tax evasion and make it easier to fight cheating. We will have to divide the reform so that it involves a determination of the taxing authority for each level of government: property taxes, turnover taxes, and sales taxes. To the extent possible, I would prefer there not be transfers. I prefer each to handle its own revenue collection, thus avoiding interference of a political nature.

[Racy] You carried out a reduction in force. Is that enough?

[Covas] No, no, no. I wouldn't call it either sufficient or insufficient. First, you have to decide what the state is going to do. The state will not in the future have what it had in the past, i.e., the ability to accumulate R3-4 billion a year via the budget. It won't have that much left over for investment from now on because the demands of certain areas of operating expenses are getting greater and greater. The Department of Education, for example, has 340,000 people. It's the fourth largest enterprise in the world, according to the UN, and serves a population of 6.5 million children in 6,500 schools. But the salaries are so low that they ultimately strip all dignity from the teaching profession. On the other hand, any pay raise would increase the payroll too much. So what should we do? Give up education? No. The state cannot abandon areas like education, justice, and health. We can, however, award concessions to build roads....

[Racy] About the state's plans for privatization...

[Covas] When we took office, privatization of Ceagesp [Sao Paulo State General Warehouse and Supply Station Company] was already approved: We opened the bidding. I sent the Assembly the privatization law for Codasp [Sao Paulo Agricultural Development Company], a company that makes farm equipment, and a plan to sell off 10 state-owned hotels. In the field of energy, we took a tremendously big step in the direction of restructuring the state enterprises.... Sabesp [Sao Paulo Basic Sanitation] is now current with its accounts. That's not the case in other sectors, like the DER [Highway Department], Dersa [expansion unknown], and others that are farther behind because they have no funds and they depend on revenue collection.

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